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CIA No. 50906

Copy No. 16

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
2 July 1954

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TO: Deputy Director (Intelligence)

SUBJECT: Third week of Trieste discussions with Italy

The third week of the London negotiations on the proposals for a solution of the Trieste problem greatly diminished the area of disagreement between the Italian position and that held by Britain and America. Although major points of difficulty still awaited definitive settlement, Italian delegate Brosio showed increasing willingness to compromise on them. His attitude appears to reflect Premier Scelba's new feeling of confidence. In a 26 June conversation with Ambassador Luce, Scelba repeatedly said that he hoped for announcement of a Trieste solution by 15 July, though Brosio in London said he had received no "target date" for a settlement. Meanwhile, the United States and Great Britain were proceeding with plans designed to effect a smooth withdrawal of allied troops from Zone A and the entry of Italian forces, this operation to take place as soon as possible after signature of the final agreement.

Scelba's favorable attitude, Luce reported on 27 June, is a result both of "American pressure" through suspension of the facilities agreements talks and of the vote of confidence accorded Scelba's foreign policy by the Italian senate on 23 June. Scelba told her that, in setting 15 July as the hoped-for date of a Trieste agreement, he was making the agreement the keystone of a parliamentary "grand design" for quick ratification of EDC and the military facilities agreements before the end of the regular session on 15 August. He said that he had ordered immediate signing of the air facilities part of the agreement. Commenting on Scelba's statements, Luce warned that he might be preparing an excuse for Italian failure to pass these two measures in the absence of an early Trieste settlement.

State Dept. review completed

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Foreign Minister Piccioni, countering Scelba's optimism, stated to Luce on 30 June that a Trieste settlement would by no means insure passage of EDC or the facilities agreements during the present parliamentary session. Luce thereupon urged the Department of State to bolster Scelba's resolve in the matter through a personal message from Secretary Dulles. Former premier De Gasperi talking with Luce on 1 July discounted Piccioni's influence on these aspects of Scelba's policy and indicated that Piccioni would "leave the government shortly."

Important points on which the London negotiators neared agreement last week were those concerning territorial adjustment, wording of the preamble to the proposed four-power agreement, free port provisions for Trieste, Slovene institutions in Zone A, and "freedom of circulation" provisions on which a three-point memorandum was composed for submission to the American, British, and Italian governments.*

Clauses concerning economic questions and minorities had still to be fully discussed, although the Italians were in general agreement with Yugoslav proposals concerning the latter question.

There was little political activity in Zone A of the Trieste territory during the week. Increasing realization of the inevitability of partition among some political elements seemed apparent. The leader of the (anti-Titoist) White Slovenes, speaking with American political adviser Higgs on 25 June, offered cooperation with Italian authorities after the final settlement and requested that his group be given custody of the proposed Slovene cultural houses and credit institutions in Zone A.

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Although the broad outlines of the procedure for withdrawal of allied troops and the entry of Italian forces were

(*Note: The negotiations are being conducted on the assumption that, following a basic agreement with Italy, some mutual concessions would be needed from Italy and Yugoslavia in order to reach a four-power accord.)

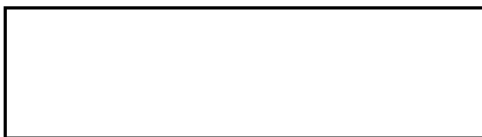
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agreed on between the United States and Britain, a number of details have yet to be specified.

On 1 July Ambassador Luce in a Rome press conference, indicated that there may be an early settlement on Trieste and stated that she was returning to the United States for a month's vacation.

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